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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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In the Matter of

)

Defining Primary Lines

)

CC Docket No. 97-181

)

REPLY COMMENTS OF U S WEST, INC.

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October 9, 1997

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In the Matter of)
) CC Docket No. 97-181
Defining Primary Lines)

U S WEST, Inc. ("U S WEST") submits its Reply Comments in this proceeding.¹

On January 1, 1998 -- only twelve weeks hence -- U S WEST and other incumbent local exchange carriers ("LEC") must implement a new regime of flat-rated charges dependent on categorizing some residential lines as "primary." Several commenters have noted the daunting task awaiting the incumbent LECs.² Even if the industry knew today what a primary line was, it could not prepare itself for January 1. For that reason, USTA has asked the Federal Communications Commission ("Commission") to delay implementation of the new charges.³ Given the current situation, U S WEST must support that call.

² See, e.g., BellSouth Corporation and BellSouth Telecommunications, Inc. (“BellSouth”) at 1-3; United States Telephone Association at (“USTA”) 2-3.

U S WEST, INC.

If U S WEST is to be in a position to implement a differentiated subscriber line charge ("SLC") and primary interexchange carrier charge ("PICC") for primary and other residence lines on January 1, it must prepare now. Yet, we do not know what a primary line is, and the strong likelihood is we will find out only a very short time -- if at all -- before the end of the year. Nor is there any particular consensus among the industry, around which all affected incumbent LECs might rally.

MCI Telecommunications Corporation ("MCI") has already signaled its intent to challenge the PICC bills it receives from the incumbent LECs, and we can safely anticipate that the other interexchange carriers will follow suit. And why not? If the Commission does not move promptly to define primary lines, incumbent LECs will define them in a variety of ways. The interexchange carriers will determine which definition minimizes their PICC bills and then argue that any other definition is unreasonable, using that as an excuse not to pay, or to pay only what they want to. When the Commission does rule, the interexchange carriers will claim that any different approach (whatever it might have been) has increased their PICC bills. At best, the incumbent LECs will collect the amounts due them long after the fact. At worst, they will never collect those amounts.

The situation improves only slightly if the Commission rules before the end of the year. Lacking sufficient time to implement whatever definition the Commission settles on, the incumbent LECs will almost certainly be unable to identify the non-primary lines they serve for some time. Who is to make up the revenue they miss out on during implementation? We know how MCI and the other interexchange

carriers would answer this question, but the Commission has not addressed it or any other issue flowing from the incumbent LECs' need to implement a potentially unworkable program (under the best of circumstances) with no Commission guidance and insufficient time.

Thus the Commission must allow the incumbent LECs adequate time to implement whatever it decides in this proceeding. The alternative is chaos.

II. THE DEFINITION OF "PRIMARY LINE" MUST ENABLE THE INCUMBENT LECs TO IDENTIFY SECONDARY LINES BY UTILIZING THEIR OWN RECORDS (Notice ¶¶ 5-7)

The incumbent LECs universally reject self-certification.⁴ Customers will not respond to requests for self-certification. Few will understand self-certification, or why it is necessary, without substantial explanation. Those who do understand it will respond only if some adverse consequence attaches to their failure to do so. And if customers did respond, the incumbent LECs could not process the mass of paper involved in any reasonable time. With self-certification, the incumbent LECs will inevitably miss some of the secondary lines they serve, leading to calls that they be "credited" with the phantom revenues they "should have" collected. Self-certification is unworkable.⁵

⁴ GTE Service Corporation ("GTE") proposes a system of "Reactive Customer Self-Certification," in which customers would have the opportunity to change the LECs' classification of their lines. GTE at 5-7. Customers' ability to challenge the incumbent LECs' classification of their lines will be an essential aspect of any definition the Commission might adopt. It is not, however, self-certification as the Notice used that term.

⁵ As U S WEST noted, the Commission should allow incumbent LECs to utilize self-certification, if they choose. Comments of U S WEST at 7-8. The difficulties associated with self-certification compel rejection of MCI's proposal to make self-

The incumbent LECs thus must be able to implement the definition of primary lines using their existing records. As U S WEST noted in its Comments, we believe that dictates a premises approach, in which the first line provided to a premises by the incumbent LEC is primary, and all subsequent incumbent LEC lines are secondary.⁶ Because this definition is premises-based, it takes no account of how many residences a single customer might have: the first line at each such residence is primary.

Second-best, we believe would be a definition based on billing names, as proposed by USTA and others.⁷ Under this definition, the first line obtained in the name of a subscriber at a particular address would be primary, and each subsequent line obtained at that address by that subscriber would be secondary. Multiple residences again have no relevance under this proposal.

Like U S WEST's premises-based definition, a billing-name approach has the virtue of relying on the incumbent LECs' existing records. It will, however, result in fewer secondary lines, given that multiple subscribers at a single address can each have a primary line. This proposal would also likely produce more customer records for the incumbent LECs to administer, as multi-line customers create separate "primary" accounts for the residents at their address.

certification mandatory. MCI at 3. Contrary to MCI's claim, self-certification would be extremely burdensome to the incumbent LECs (and ineffective), and the incumbent LECs' customers would have to bear the costs of that program.

⁶ Comments of U S WEST at 3-6. Ameritech proposes essentially the same definition. Ameritech at 5-7.

⁷ USTA at i, 5-7; BellSouth at 7; Southwestern Bell Telephone Company, Pacific Bell, and Nevada Bell ("SWB") at 6-7.

III. THE COMMISSION SHOULD REJECT MCI'S VERIFICATION PROPOSALS (Notice ¶¶ 17-19)

Supported by nothing but its own speculation, MCI proposes an invasive, burdensome bureaucracy to "verify" the incumbent LECs' primary lines.⁸ Thus because the incumbent LECs might have some unspecified incentives to misreport their primary lines, MCI demands extensive information about each line for which an incumbent LEC bills MCI a PICC. MCI wants this information not to audit its payments to the incumbent LECs, but to "audit each bill before it is paid."⁹

MCI's laundry list is a classic case of overkill. MCI has made no showing of need for such an extensive array of information; it indeed makes no attempt to demonstrate a need for any specific item of information, let alone the collection as a whole.

Providing the information MCI claims to need will require extensive system changes and many months to implement.¹⁰ If the Commission were to adopt MCI's proposal, the incumbent LECs could not comply for quite some time after the new charging regime is to take effect. And, when they did comply, they would bury the interexchange carriers under an unmanageable mass of paper. All this would

⁸ MCI at 9-10.

⁹ Id. at 10.

¹⁰ With no apparent recognition of the irony, MCI urges prompt Commission guidance, lest MCI be unable to implement the functions necessary to bill its customers for PICCs by January 1, 1998. MCI seems to believe, however, that the incumbent LECs can implement the functions necessary to supply detailed information about each of its lines, virtually overnight.

provide a convenient excuse for the interexchange carriers to refuse payment of the PICCs, and endless fodder for challenging them.

Implementing and administering the reporting regime proposed by MCI will require the expenditure of considerable sums by the incumbent LECs. Their customers must ultimately bear these expenses, along with all the other expenses of administering this program. At some point, this program may cost the incumbent LECs more than the incremental revenues they will collect from the secondary lines. Indeed, as SWB notes,¹¹ when the incremental revenue derived from secondary lines is spread across all lines, it will amount to only a few cents per month. At some point, the program could put the incumbent LECs in the hole;¹² they might do better simply to forego the revenue.

If this program truly requires the sort of extensive reporting suggested by MCI, then the Commission would do better to revisit the program. The incumbent LECs have imposed SLCs on their end users for a number of years without this sort of reporting. MCI provides no reason why it is necessary simply because the interexchange carriers will now begin to pay similar charges.

Finally, MCI concedes that the outputs of the Hatfield model may be used to verify primary line counts only "with some caution."¹³ That surely understates the

¹¹ SWB at 8-9.

¹² This will depend, of course, on the definition of primary lines, which will largely determine how many secondary lines the incumbent LECs have.

¹³ MCI at 11.


matter. As every incumbent LEC participant has observed, the Hatfield model has no value at all for this purpose.¹⁴

IV. CONCLUSION

Whatever the theoretical merits of charging higher rates to secondary lines, the Comments in this proceeding have demonstrated that implementing such a charging scheme is fraught with peril. Unless the Commission makes sound choices in this proceeding, and provides the incumbent LECs sufficient time to implement those choices, the program will likely collapse of its own weight.

Respectfully submitted,

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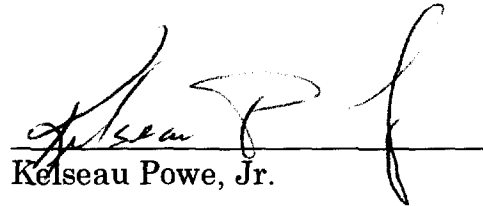
Of Counsel,
Dan L. Poole

October 9, 1997

¹⁴ See, e.g., SWB at 9-11; BellSouth at 11-12; Comments of U S WEST at 11; Ameritech at 8-9; Bell Atlantic Telephone Companies at 12. And see USTA at 11-12.

CERTIFICATE OF SERVICE

I, Kelseau Powe, Jr., do hereby certify that on this 9th day of October, 1997, I have caused a copy of the foregoing **REPLY COMMENTS OF U S WEST, INC.** to be served, via first class United States Mail, postage pre-paid, upon the persons listed on the attached service list.


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